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## Second Committee

**Summary record of the 17th meeting**
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*Chairman*: Mr. Hart (Vice-Chairman) ..... (Barbados)

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*In the absence of Mr. Wali (Nigeria), Mr. Hart (Barbados), Vice-Chairman, took the Chair.*

*The meeting was called to order at 9.45 a.m.*

**Agenda item 50: Macroeconomic policy questions**

**(a) International trade and development** (A/60/15 (Parts I-IV), A/60/225 and 226)

1. **Mr. Panitchpakdi** (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General on international trade and development (A/60/225), said that the 2005 World Summit had strongly emphasized the contribution of trade to development and that UNCTAD was uniquely placed to help developing countries attain the internationally agreed development goals, including the Millennium Development Goals.

2. Developed countries continued to be the major drivers of international trade; however, the system and the political economy that underpinned it were changing dramatically. The role of trade in the economic growth and development of developing countries was increasing in quality and quantity. Diversification into manufacturing and services marked a progressive trend and many developing countries were emerging as regional or global locomotives of trade and economic growth, while South-South trade was enjoying an unprecedented expansion across continents. Consequently, developing countries were more crucial than ever to the dynamism and vitality of the international trading system, while trade had become an essential means of achieving their development goals.

3. Nevertheless, many low-income countries with small, vulnerable economies remained marginalized from the trading system and, in addition, were commodity-dependent. That situation underlined the urgent need for new international support measures to develop their infrastructure, supply capacities and competitiveness, as well as to replicate the positive experiences of the locomotive countries. In that respect, UNCTAD had developed a trade and development index that measured and monitored the contribution of trade to national development, while serving as a diagnostic and policy tool.

4. Increased oil prices, stringent market-access barriers and anti-competitive practices, natural disasters, and the risks and uncertainties arising from developments in the international monetary and financial system could all adversely affect the developing countries' trade and development prospects and needed to be addressed by the international community as a whole. However, the agreement reached by the Group of Eight at Gleneagles on a development solidarity package and the report by its Commission for Africa were creating a more supportive atmosphere for trade and development. In addition, the major trading partners had renewed their commitment to create an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system and work towards implementing the development dimensions of the Doha work programme and the timely achievement of the Millennium Development Goals.

5. The international community was facing a moment of truth in the Doha negotiations; the political will and statesmanship deployed in the coming days would determine whether a successful, balanced, development-oriented outcome to the work programme could be achieved. Positive engagement was urgently needed on the part of all countries, but particularly the major developed countries; there was no room for procrastination or negative conditionality. Emphasis should be placed on the transparency and inclusiveness of the negotiations in order to sustain and promote ownership and implementation of the results. The Doha negotiations clearly provided a unique forum for dealing conclusively with several politically difficult issues, such as agriculture and trade liberalization. They sought to establish multilaterally secure and predictable rules, enhance market access in services sectors and attract new investments in developing countries' infrastructure.

6. Care had to be taken to minimize the effects of trade liberalization on the poor and vulnerable, to enhance universal access to essential goods and medicines, and to promote sustainable development. A credible package on development issues should include immediate and secure free market access for all exports of the least developed countries; enhanced market access for the industrial and agricultural goods of developing countries, and for their exports of services; removal of trade-distorting non-tariff barriers; elimination of export and domestic subsidies,

particularly in relation to agriculture and cotton; a solution to trade-related intellectual property rights and public health to facilitate access to essential medicines; and mobilization of the relevant technical assistance to reinforce developing country capacities in the trade facilitation chain.

7. The trade liberalization agenda needed to be complemented by aid for trade, to complement aid for development, and by debt relief. A key feature of the new agenda had to be a meaningful aid for trade package, which would help developing countries meet implementation and adjustment costs, and build the necessary competitive supply capacity and infrastructure. UNCTAD, as a key institution in the follow-up to the 2005 World Summit Outcome, was working with Governments and other agencies to translate trade-related commitments into action. It provided a meeting ground for intergovernmental policy dialogue and consensus building, and was an effective interlocutor between public policy makers and the relevant stakeholders.

8. **Mr. Jomo** (Assistant Secretary-General for Economic Development, Department of Economic and Social Affairs) introduced the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries (A/60/226), which had been prepared in response to General Assembly resolution 58/198.

9. The Secretariat had invited all Member States to provide information and views on the matter; other relevant organizations, programmes and agencies had also been invited to provide information. Replies had been received from 14 Member States and two United Nations organizations. Most respondents stated that the application of such measures was inconsistent with international law and that they did not apply them. A few replies reported specific instances and described their adverse impact.

10. **Mr. Ransford Smith** (Jamaica), speaking as President of the Trade and Development Board, introduced the Board's report on its fifty-second session (A/60/15 (Parts I-IV)). The message from the High-level Segment, held under agenda item 2, was that investment and aid programmes should be tailored to specific national and local situations. He then summarized the views and concerns expressed by the delegations, which were contained in the report.

11. The deliberations on agenda item 3, "Interdependence and global economic issues from a trade and development perspective", had been based on the Trade and Development Report 2005, which looked at recent trends in the world economy and their implications for progress towards the Millennium Development Goals. He gave an account of the discussions reflected in the report, which had concluded that developing countries needed to continue their efforts for greater diversification and industrialization and to avoid higher indebtedness, keeping in mind that the current favourable conditions for many of them could be temporary.

12. Under agenda item 4, the Trade and Development Board had conducted its annual review of progress in the implementation of the Programme of Action for the least developed countries for the decade 2001-2010. The structural weaknesses inherent in the economies of the least developed countries needed to be addressed effectively by the countries themselves and their development partners. UNCTAD had an important role to play in helping such countries take advantage of trade and investment opportunities and build their human and institutional capacities. The Board had called on UNCTAD to further strengthen its work with the least developed countries, including producing an annual report on the issue. It had also encouraged the UNCTAD secretariat to make substantive contributions to the mid-term review of the Programme of Action for the Least Developed Countries. Member States had expressed differing views on the impact of the erosion of trade preferences on the trade and development prospects of the least developed countries, and on the nature of the international measures required to remedy the adverse consequences. Nevertheless, they had called for intensified international support measures to enhance those countries' productive capacities, diversify their economies into non-preference-dependent activities, and improve their utilization of market access preferences.

13. The Board's discussion on Africa, under agenda item 5, had been based on a report by the UNCTAD secretariat entitled "Rethinking the role of foreign direct investment", calling for a more strategic approach and better weighing of the costs and benefits of foreign direct investment by policy makers. It hoped to reach consensus on the draft agreed conclusions at a resumed fifty-second session in November.

14. Under agenda item 6, the Board had reviewed developments and outstanding issues in the post-Doha work programme of particular concern to developing countries, and attention had been drawn to the principal conclusions, which were set out in the Board's report.

15. In its resolution 57/270 B, the General Assembly had recalled the role of UNCTAD as the focal point within the United Nations for the integrated treatment of trade and development issues. Consequently, agenda item 7 on the contribution of UNCTAD to the implementation and follow-up to the major United Nations conferences and summits had provided an opportunity for the Board to systematically review the relationship between the work of UNCTAD and overall major economic processes under way within the United Nations as a whole.

16. The Board had reviewed the technical cooperation activities of UNCTAD and their financing, under agenda item 8 (a). It had decided to further enhance the effectiveness and development impact of the UNCTAD technical cooperation strategy, which included mandates on the implementation of the relevant General Assembly resolutions; enhancement of programmes and activities to make them more coherent, coordinated and interdivisional; and operationalization of the São Paulo Consensus. The deliberations of the Board on the report on UNCTAD assistance to the Palestinian people (TD/B/52/2), under agenda item 8 (b), were reflected in the report. Discussions had focused on the continued adverse impact of the five-year-old crisis and conditions confronting the economy of the occupied Palestinian territory.

17. Lastly, the Board had held a half-day informal hearing with representatives of civil society and the private sector under agenda item 9 (b).

18. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States), introducing the Secretary-General's report on international trade and development (A/60/225), said that it had very effectively highlighted the difficulties faced by the 50 least developed countries in trying to integrate into the world economy. Indeed, they contributed only half of 1 per cent to world trade although they accounted for about 12.5 per cent of the world's population. Their poor performance in trade seriously hampered their chances of achieving the Millennium Development Goals and realizing the commitments of the Brussels Programme of Action. To help the least developed countries build their capacities to attract investments, enhance the efficiency of transport and communications and make a more appropriate use of technology, there was a need to expand the Integrated Framework of Trade-related Technical Assistance for least developed countries, which currently covered 31 countries, to include all 50. Furthermore, the provision of duty- and quota-free preferential treatment by developed countries for all products from the least developed countries could generate welfare gains of up to $8 billion and export gains of up to $6.4 billion.

19. The 31 landlocked developing countries, 16 of which were also least developing countries, should be given greater access to world markets. While the landlocked developing countries and some international financial institutions and transit neighbours had undertaken some action towards implementing the Almaty Programme, international support needed to be considerably enhanced. The least developed, landlocked and small island States — the most disadvantaged States on earth — should be supported in their efforts, including by fellow developing countries, to benefit from potential opportunities for growth and diversification of trade under subregional and regional cooperation arrangements, especially South-South cooperation and South-South trade, which currently accounted for 40 per cent of developing country trade. The third round of negotiations of the Global System of Trade Preferences among Developing Countries offered a good opportunity for addressing the issue of lifting current trade barriers in respect of those disadvantaged States.

20. The upcoming World Trade Organization (WTO) Ministerial Conference should give a much-needed boost to the Doha Development Agenda and result in a binding commitment on duty- and quota-free market access for all least developed country products as well as an expeditious cotton-based decision on the elimination of domestic support and trade-distorting export subsidies to protect in particular the millions of West African cotton growers. The international community should also heed the proposal of the African, Caribbean and Pacific (ACP) countries for a "vulnerability index" to identify products eligible for non-reciprocal treatment. The widespread economic

hardship and uncertainty faced by preference-dependent least developed countries and small island developing States, as in the case of sugar, bananas and textiles, deserved serious attention, as did the proposal for the creation of an "Aid for Trade" fund to help the most vulnerable countries to overcome supply-side constraints and address transitional adjustment costs. Lastly, the report by the WTO Consultative Board entitled "The future of WTO" recommended, inter alia, that agreements reached by WTO in future should create a "contractual right" for the poorest countries to receive "adequate and appropriate" aid to implement their obligations under WTO.

21. **Ms. Mills** (Jamaica), speaking on behalf of the Group of 77 and China, said that, at the upcoming WTO Ministerial Conference in Hong Kong, the commitments to place the needs and interests of developing countries at the heart of the WTO work programme and to transform international trade into an engine of development must be fulfilled. There was an urgent need to fully implement the development mandate of the Doha Ministerial Declaration and the WTO General Council decision of 1 August 2004 and for developed countries to substantially reduce trade-distorting domestic support and eliminate export subsidies. Of equal importance was the need to include strong, special and differential treatment in the final outcome of the negotiations on agriculture, non-agricultural market access (NAMA) services and outstanding implementation issues. Protectionist measures by developed countries that continued to undermine the comparative advantage of developing countries must also be addressed, while developing countries must play a stronger role in developing safety, environmental and health standards.

22. She reiterated the need to address the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system and called for the full and effective implementation of the Mauritius Strategy, the Brussels Programme of Action and the Almaty Programme of Action. There was also a need to create a more equitable economic system and to address adequately the vulnerability of each country to external shocks.

23. The intellectual property regime should be made more development-oriented to facilitate the transfer of technology and knowledge to developing countries. The international community must also work towards a legally binding international instrument on the preservation, protection and promotion of traditional knowledge and genetic resources in order that developing countries could benefit from the use of their own resources. The Group of 77 and China was deeply concerned that the deadline for negotiations on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement in the Doha Ministerial Declaration had not been respected and hoped that that trend would be reversed. Reiterating the importance of substantially enhancing financial support to UNCTAD, she said that the role of the Conference in providing effective and demand-driven assistance to developing countries must be preserved; any attempt to undermine or shift its development perspective would be resisted.

24. Unilateral economic measures inconsistent with the Charter and with international law continued to be used as a means of political and economic coercion against developing countries. Such measures contributed to impoverishment and undermined development efforts, including efforts to achieve the Millennium Development Goals, in order to satisfy the political interests of stronger powers. The focus on reforms of the Organization in the area of human rights and on implementing the internationally agreed development goals should have spurred the international community to categorically and unanimously reject that practice. However, it had failed to do so. The necessary corrective measures must now be taken as a matter of urgency.

25. **Mr. Valenzuela** (Observer for the European Commission), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia and Turkey; the countries of the stabilization and association process and potential candidates Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Serbia and Montenegro; and, in addition, Moldova and Ukraine, said that trade could play a vital role in promoting growth and economic development and enabling developing countries to reach the Millennium Development Goals. The European Union was very conscious of the obligations placed upon the international community to achieve a universal, open, rule-based, non-discriminatory and equitable multilateral trading system, as well as market access opportunities and real ability for poor countries to trade competitively and become successfully integrated into the global economy. Development remained the key dimension of the Doha Round and

the Hong Kong WTO Ministerial Meeting must deliver on that issue. Negotiations on NAMA, agriculture (including cotton), services, rules and trade facilitation provided the greatest opportunities for ensuring pro-development outcomes in the Doha Round and the European Union remained firmly committed to the ongoing talks in WTO in that regard and to the success of the Hong Kong Ministerial Meeting and of the Doha Round.

26. Progress was necessary on full duty-free and quota-free market access for all least developed countries, small economies and other developing countries. WTO members should agree in Hong Kong on a commitment to grant full duty- and quota-free access to all least developed country products. A number of countries, including those of the European Union under the "Everything but Arms" scheme, provided such access. It was hoped that developing countries in a position to do so would take steps in that direction.

27. Least developed countries should not be asked to open their markets too rapidly; nor should other developing countries with particular problems in that regard. Issues of special and differential treatment should be approached in a pragmatic manner. As for preference erosion, the answer should come from trade and development measures, such as increasing South-South trade, creating duty- and quota-free access for least developed countries and allowing longer transitional periods for particularly affected products. At the same time, supply-side measures, such as support for capacity-building, restructuring, diversification and regional integration, were also necessary. As far as aid for trade was concerned, the European Commission would increase funds for trade-related assistance to 1 billion euros a year. The Hong Kong Meeting should agree on a strong aid-for-trade package addressing supply-side constraints and building developing countries' ability to successfully integrate into the global trading system.

28. **Mr. Jenie** (Indonesia), speaking on behalf of the Association of South-East Asian Nations (ASEAN), said that trade was a means of achieving development and eradicating poverty. The multilateral trading system offered the most suitable mechanism for resolving international trade issues. He highlighted a number of measures taken by ASEAN to promote trade among its members, including the establishment of the ASEAN Free Trade Area (AFTA) with a target date of 2015 for the liberalization of the services sector and the opening up of investment sectors currently placed on the sensitive list, and the establishment of the ASEAN Integration System of Preferences (ASIP) to help narrow the development gap between the more developed and less developed member countries. As a result of those measures, overall trade had grown significantly in 2004, with total exports from the 10 member countries increasing by 20.7 per cent to $551.19 billion. Over the same period, total imports had increased to $492.86 billion.

29. In the area of capacity-building, ASEAN welcomed cooperation with the United Nations, including with regard to accession assistance to its member countries that were not yet WTO members. It was important to ensure fair and equitable terms of accession commensurate with the trade, financial and development needs of those countries, and to give them increased support throughout the accession negotiations. The least developed and landlocked member countries of ASEAN still faced challenges in integrating into the world trading system. Issues requiring urgent attention in the current international trading system included the need to establish full modalities in agricultural and non-agricultural market access coupled with substantial progress in services, trade facilitation and rules and outstanding implementation issues currently before WTO.

30. In addressing those issues, it was important to grant developing countries adequate policy space; to give small and vulnerable economies special and preferential treatment and increased technical assistance, including with regard to capacity-building; to establish immediate and duty- and quota-free market access for all exports from least developed to developed countries, as well as to developing countries; to realize the international commitment to an open, rule-based, predictable and non-discriminatory trading system; and to promote South-South trade as a building block for North-South trade. He welcomed the role of UNCTAD in promoting development and regional and interregional processes, including ASEAN, and stressed the need to strengthen UNCTAD so that it could fully perform its mandate in the service of development.

31. **Ms. Soto** (Costa Rica) said that fair, equitable and rules-based international trade had the potential to generate employment, promote investment, boost national consumption, develop the economy and

improve the quality of life. A small country such as Costa Rica must rapidly adapt to international trends if it was to continue to be competitive on the international market; macroeconomic decisions taken in the main markets for its products could have a vast impact on its economy.

32. Her delegation called for greater coherence in developed countries' macroeconomic policies and for a comprehensive analysis of policies — including on trade, ODA, investment and the environment — which affected development. Good performance in one area was sometimes obscured by a contradictory policy. World Bank statistics had shown that the $56 billion in ODA granted by OECD countries to developing countries in 2004 had been offset by five times as much in domestic subsidies to farmers in OECD countries. Support for developing countries' private-sector development and export diversification had been undermined by tariff escalation on dearer imports from developing countries. Ironically, some countries that met their ODA commitments applied the most restrictive agricultural trade policies within OECD.

33. Increased ODA on its own, without greater access to markets for products from developing countries and elimination of trade-distorting subsidies, would create greater dependence on external assistance in those who received it and greater poverty and inequality in those who did not, since trade would continue to be the principal source of financing for many developing countries.

34. Costa Rica had great expectations of the upcoming Sixth WTO Ministerial Conference, which should show the contribution that the Doha Development Round could make to the attainment of the Millennium Development Goals and to national development plans. The elimination of significant barriers to the trade in goods would lift 140 million poor out of poverty, thus contributing considerably to the attainment of Goal 1.

35. In the agricultural area, negotiations should strive for the high level set in Doha and in the July 2004 package of framework agreements on the three pillars: export subsidy elimination, reduction of trade-distorting domestic aid, and market access. Fulfilment of the long-standing commitment to fully liberalize trade in tropical agricultural products could herald important agreements in other areas such as market access for non-agricultural goods. It was hoped that all WTO members would consolidate all their tariffs. However, WTO must improve its anti-dumping and other regulations so as to assure all countries of genuine access. Costa Rica looked forward to significant progress on the commitment to bring the negotiations on the WTO rules to a successful conclusion, especially with regard to anti-dumping and trade facilitation.

36. While the July 2004 package had acknowledged the need to address preference erosion, preferences must not hinder the liberalization of multilateral trade. The solution to the problem of the erosion of preferences in favour of the developing countries was not to be found in depriving other developing countries of trade openings in the developed countries' markets; the solution must be sought in the context of international organizations other than WTO that possessed the necessary instruments for improving the competitiveness of preference-dependent economies.

37. **Mr. Southcott** (Australia), speaking on behalf of the Cairns Group of countries: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay, said that, as the Doha Round reached a critical juncture, leaders must seize the opportunity to finalize the negotiations in a manner consistent with the Doha Declaration.

38. Distortions in world agricultural markets continued to undermine the ability of many developing countries' agricultural sectors to contribute to sustained economic development and poverty alleviation. The Group was committed to substantial reform of the agricultural trading system through the Doha Round and had urged the leaders of the Group of Eight, meeting earlier that year, to consider eliminating trade-distorting barriers and opening markets to enable developing countries to unlock their agriculture sectors' full potential.

39. The Cairns Group welcomed the progress made in breaking the deadlock in the agriculture negotiations in 2005. With the Sixth WTO Ministerial Conference only weeks away, it was crucial for Governments to agree on the elimination of all export subsidies on all products, on a blueprint for substantial reductions in trade-distorting domestic support, particularly that provided by major subsidizing countries, on a detailed plan for substantial improvements in market access for

all products, and on key elements of special and differential treatment, recognizing the particular needs of developing countries.

40. Deep reform of global agricultural trade was crucial and the Doha Declaration called on the industrial countries, the major subsidizers, to make the greatest contribution, although all countries should contribute because agricultural liberalization had benefits for all. Many studies had shown that the global welfare gains of agricultural trade reform would amount to hundreds of billions of dollars annually, and that the majority of those gains would accrue to developing countries.

41. He agreed with the Secretary-General that one of the best ways of assisting the poor was to provide a genuinely free and fair trading system that allowed them to trade themselves out of poverty. Not only would that produce broader economic gains; it would also help to alleviate poverty, advance food security and promote economic growth and higher living standards.

42. **Ms. Navarro Barro** (Cuba) said that, with the Sixth WTO Ministerial Conference just weeks away, the lack of progress in the various areas of negotiation was worrying; should that situation persist, it would certainly trigger a failure similar to the one in Cancún and have unpredictable consequences for the multilateral trading system. Although the Doha Round had been intended to establish a platform to increase that system's contribution to poverty alleviation, sustained economic growth and development in general, the results were yet to be perceived.

43. Full compliance with the Doha Declaration continued to be a central preoccupation of the poor nations in trade matters; it was therefore unfortunate that the 2005 World Summit had failed to send to the current WTO negotiation process a clear political message that took into account the fundamental interests of the least favoured.

44. So-called trade liberalization, arbitrarily applied, had increased inequalities and had not only concentrated wealth, but had also concentrated poverty in increasingly larger areas of exclusion. Indicators of growth in the volume of developing countries' trade in goods and services reflected only the situation of developing countries of relatively high development, mainly in Asia and Latin America, while the volume of trade of sub-Saharan Africa and the least developed countries continued to decrease.

45. Only with the reform and strengthening of the multilateral trading system, ensuring that development was the focus of any related negotiation could the system truly achieve openness, inclusion, predictability and non-discrimination.

46. To that end, certain important conditions needed to be met. Priority should be given to multilateral trade agreements and rules. More effective provisions relating to special and differential treatment for developing countries should be formulated and implemented, since they were vital for incorporating safeguards and special-product instruments.

47. Negotiations on market access should adequately address the concerns of the developing countries with highly preference-dependent economies, as well as the issue of compensatory mechanisms, especially for the least developed countries. Also, specific measures should be adopted in order to reach a lasting solution to developing countries' external debt and to increase flows of technology and trade-related assistance to those countries.

48. National policy space for developing countries should be preserved in order to create a proper balance between national regulations and international disciplines and commitments. Lastly, all trade-related conditionalities must be eliminated if free trade was to be genuinely free. Recent justifications of that system merely attested to the most powerful nations' lack of political will, the main obstacle to a negotiated solution.

49. The tight economic, commercial and financial blockade by the United States of America against Cuba was a clear example of the hypocrisy and manipulation inherent in unilateral coercive measures. Not only did it prevent trade between the two nations, it also tried to repress Cuba's trade with third States and their private companies, in outright violation of the sovereignty of those States and the most elementary principles of international law.

50. It was important to respect the mandate contained in the Doha Declaration regarding Cuba and WTO members with small economies, whose particular needs should also receive priority treatment in the current multilateral trade negotiations. That treatment implied specific recommendations tailored to their

characteristics and needs so that they could be better integrated into international trade. As the focal point for integrated attention to trade and development issues, UNCTAD should be given the financial support required to fulfil its original mandate of analysis and policy advice, as well as that deriving from the new requirements and priorities established at São Paulo.

51. Cuba would continue to work towards universal fulfilment of the development commitments undertaken at the major United Nations conferences and summits and hoped that the same spirit would prevail during the negotiations on that crucial issue.

52. **Mr. Ashri Muda** (Malaysia) observed that trade could be a positive force in promoting economic growth and development, thus contributing to the eradication of poverty and to the developing countries' attainment of the Millennium Development Goals. It was therefore a common responsibility to provide an environment which would promote the participation of developing countries in a fair and development-oriented trading system.

53. As noted in the report of the Secretary-General (A/60/225), developing countries still suffered from unfair restrictions on their access to markets in developed countries, and a fairer system would benefit both groups in the long run. North-South trade should be promoted, but the traditional pattern of such trade — the South exporting raw materials to the North and importing the latter's manufactured goods and services — must be broken. The transfer of knowledge, technology, technical assistance and investment to the South was a prerequisite for more balanced patterns of trade and sustainable prosperity for all; greater prosperity in the South would result in expanded markets for the North.

54. At the same time, South-South trade, with its enormous potential for expansion, should be strengthened. Already in 2004, exports from developing countries had totalled $3 billion, and there was certainly further potential for expansion.

55. Malaysia, the eighteenth largest trading nation in the world, was firmly committed to the WTO multilateral trading system and actively sought to expand trade within both international and regional frameworks. It hoped that the forthcoming WTO Ministerial Conference would establish a predictable, transparent, non-discriminatory and rules-based system for the benefit of developed and developing countries alike.

56. It also hoped that further progress would be made in the Doha Round towards reconciliation of the developed and developing countries' respective positions. Particular attention should be paid to the developmental aspects of trade. Both sides should show flexibility and goodwill. The creation of trading opportunities for developing countries should not be viewed as acts of charity but as a means of enabling them to participate fully in the world economy and of reinforcing efforts to eradicate poverty and promote, in the long term, a more just and secure world order.

57. WTO members should live up to their Doha commitments regarding the progressive elimination of export subsidies and domestic market supports. The improvement of market access for products from developing countries, especially agricultural exports, would have a direct impact on growth and poverty reduction. As regards non-agricultural goods, flexibility was needed to accommodate sensitive sectors essential for achieving development goals. Where market access to services was concerned, Malaysia favoured progressive liberalization.

58. In multilateral trading, countries had a common interest in safeguarding an effective and equitable rules-based system. At the same time, adjustments needed under such a system should not limit developmental policy space. Developing countries faced problems with fulfilment of some WTO agreements; he therefore recommended continuation of the work by UNCTAD to assess the results of the Doha programme and develop institutional capacity and technical knowledge in that area. Countries should work together to promote a multilateral trading system based on cooperation rather than competition and, therefore, beneficial to all.

59. **Mr. Yao** Wenlong (China) said that although the growth of the world economy had experienced sustained momentum, trade protectionism was on the rise in some developed countries and hindered the normal development of international trade.

60. Yet open international trade could impart solid benefits to developing countries and poverty-stricken populations. The Doha Round had reached a critical point. The failure to reach the first approximation at the July 2005 WTO negotiations on agricultural trade reform would adversely affect the forthcoming

Ministerial Conference in Hong Kong and efforts to complete the Doha Round by 2006. He called for greater political will and flexibility, improved communication and cooperation, and for further proactive measures to achieve progress in the Doha Round and eventually reach a balanced multilateral trade agreement.

61. The new rules of free trade should be fairer and more transparent, fully embodying the principles of equality, mutual benefit, openness, and success for all in the interests of a multilateral trade system conducive to the long-term stable development of the world economy and world trade.

62. Since agriculture was the key to the entire Doha process, the current serious distortion in trade in agricultural products needed to be rectified through trade liberalization, reduction of trade-distorting domestic subsidies and a specific timetable for eliminating export subsidies. In addition, there was a need for liberalization and tariff rationalization of trade in non-agricultural products; an early agreement aimed at drastically lowering tariff peaks and tariff escalation would produce annual gains of $20 to $60 billion for the developing countries.

63. Given the explosive growth in services trade in the previous two decades, developed countries must assume their responsibilities, according priority in trade negotiations to areas in which the developing countries had comparative advantages and paying attention to special situations. Meanwhile, development negotiations should give consideration to the developed countries' demand for the promotion of trade liberalization and the practical interests of the developing countries. China supported priority for adequate policy space and special and differential treatment for least developed countries, but opposed the division of developing countries into separate categories.

64. Trade facilitation was an important force for development. Countries should therefore improve the efficiency of their customs systems and ensure balance between trade safety and trade facilitation. The developing countries — and particularly the least developed countries — which experienced great difficulties in trade facilitation owing to lack of capacity and high cost — should receive technical capacity-building assistance.

65. China's foreign economic and trade cooperation would become wider and deeper as it embarked on its eleventh Five-Year Plan, in which it would adhere to its basic national policy of reform and opening up to the outside world, economic and trade cooperation with other countries, and contributions to the joint efforts of the international community to advance the Doha Round and establish a fairer and freer global trading system.

66. **Mr. Prabhu** (India) agreed with the UNCTAD view that fairness was the inequality needed to enable exploited peoples to attain an acceptable standard of living. The realization of the development dimensions of the Doha work programme was a categorical imperative.

67. The 2005 World Summit had highlighted the importance of trade and market access for developing countries in their efforts to eradicate poverty and to achieve the Millennium Development Goals. If agricultural subsidies by the developed countries and poor market access persisted, import liberalization by the developing countries would lead only to domestic demand constraint and industrial recession. The Doha Round provided a unique opportunity for the multilateral trading system to contribute further to growth and development.

68. Progress in those negotiations had, however, been disappointing: deadlines had not been met for substantially advancing technical work and the formula for tariff reduction, flexibility for developing countries and the treatment of unbound tariffs remained unsettled. Clear political direction to break the current impasse was therefore crucial. Anticipated gains from agricultural reform and trade liberalization by developed countries had to date eluded the developing countries. Moreover, agriculture was related to food security and rural livelihood, as well as trade. Demands for reduction of *de minimis* payments by all countries went back on the July framework agreement and were unacceptable to developing countries with subsistence farming and predominantly resource-poor farmers.

69. Welfare gains from liberalization of trade in non-agricultural products and export revenue gains would be hefty, leading to shifts in the output and employment in key sectors in developing countries, resulting in job and revenue losses for many of those countries. It was therefore important to protect sensitive tariff lines in the small-scale and

employment-intensive sectors of the economy, and to preserve the autonomous liberalization programme. Negotiations must take fully into account the special needs of developing countries, including through "less than full reciprocity", under the Doha Ministerial Declaration.

70. Restricting the movement of professionals across the world was unnatural and ultimately to the detriment of developed countries themselves. The basic General Agreement on Trade in Services (GATS) architecture and agreed negotiating modalities and procedures must be respected in the negotiations, and negotiated gains in market access must be protected from arbitrary restrictions. One key development issue concerned the amendment in the trade-related aspects of intellectual property rights (TRIPS) Agreement intended to address the problems faced by countries in acquiring medicines at affordable prices when fighting serious public health problems. In an attempt to receive fair recompense for their biogenetic resources, developing countries had also been seeking amendments to the Agreement to fully align it with the Convention on Biological Diversity. In the area of preference erosion, India believed that the main responsibility lay with the developed economies and welcomed the World Bank initiative on Aid for Trade, which aimed at loosening supply-side constraints in many developing countries.

71. The Sixth WTO Ministerial Conference should focus on negotiating modalities on agriculture and manufactures and make dedicated progress on services, rules and trade facilitation. The United Nations played a central role in the promotion of development. Developed countries must be encouraged to soften their positions and remove barriers which resulted in lost development opportunities. India was actively and constructively participating in negotiations on the Doha work programme in the expectation that they would fully take into account the needs and concerns of developing countries.

72. **Mr. Tun** (Myanmar) referred to the persistence of protectionism in the international trading system, despite the commitment of some developed countries to reduce or eliminate tariffs and non-tariff barriers on export products from developing countries. In order to create a fair and just world trading system, international cooperation was vital. Special and differential treatment for developing countries was needed, and he urged member States to fulfil their commitments made through the Millennium Declaration to create an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system, expressing the hope for a fruitful outcome at the forthcoming Sixth WTO Ministerial Conference.

73. Myanmar promoted trade at all levels and, as a member of the Association of Southeast Asian Nations (ASEAN), had agreed to reduce tariffs on some imports from fellow member States by up to 5 per cent by 2008. Its total trade between 2004 and 2005 had increased by 6.6 per cent compared to the previous year and it expected further improvement in external trade performance, despite restrictions imposed on its exports. Unilateral coercive measures, used as a form of political and economic coercion against Myanmar, negatively affected its trade and foreign direct investment flows and contravened international law and WTO rules. The development of Myanmar's external trade would help to accelerate its efforts to reduce poverty, improve living conditions, and provide sustainable development for its people.

74. **Mr. Ramadan** (Libyan Arab Jamahiriya) recalled that free, fair and non-discriminatory trade could be a powerful engine for development and poverty reduction and would facilitate the realization of the Millennium Goals by providing developing countries with additional financing for development. He hoped that the Sixth WTO Ministerial Conference would take important decisions on agriculture, market access for non-agricultural products and services, development issues, and trade imbalances. In particular, developed countries should deliver on the promises made at the Doha Conference, allowing developing countries free access to markets, involving them fully in the global trade regime and helping them to build their technical capacities and diversify their production.

75. UNCTAD should continue to play a central role in promoting cooperation and trade between developing and developed countries and in helping regional economic groups, particularly in Africa, to improve the economic prospects of the peoples that they represented.

76. Unilateral economic measures adversely affected the socio-economic outlook in developing countries, undermining international economic cooperation and efforts to establish a fair and free multilateral trade system. The international community should take urgent steps to eliminate the use of such measures against developing countries. It should also facilitate

access by developing countries to WTO, and his delegation hoped that the Libyan Arab Jamahiriya would soon be accepted into that organization.

77. **Mr. Chowdhury** (Bangladesh) said that the benefits of integration of developing countries into the global economy varied according to their level of economic and institutional development. Such integration should be gradual and strategic. The entire international community shared responsibility for a development-focused outcome to the Doha work programme, and it was therefore imperative for decisions at the Ministerial Conference to be successfully negotiated.

78. Openness to trade and the international financial system had increased exposure to competition and external shocks, leading to painful adjustments in domestic economies. Developing countries had paid heavily for their openness and premature liberalization, and had learned that government non-intervention was no guarantee of economic stability. They basically needed sufficient policy space to better manage their integration. The goal of deeper and sustained capacity-building could be attained by addressing supply-side constraints, lack of competitiveness and infrastructural inadequacies and by providing microcredit, microprojects and assistance following the termination of the Agreement on Textiles and Clothing. The Aid for Trade Initiative was most welcome and he cited the role of UNCTAD in that regard. UNCTAD must be strengthened in order to assist developing countries in their technical cooperation and capacity-building efforts.

79. Least developed countries had been increasingly marginalized, with a steady decline in their share of global trade. In order to reverse that trend, bound duty-free and quota-free access must be granted to their exports to all destinations on a secure, long-term and predictable basis. Realistic rules of origin provisions, certification and inspection requirements and technical safety standards must be adopted.

80. **Mr. Chidumo** (Mozambique), speaking on behalf of the member States of the Southern African Development Community (SADC), stressed the importance of regional integration in building sustainable trade capacity in developing and least developed countries. The adoption of various regional instruments had demonstrated the preparedness of member States to harness trade as a vehicle for poverty eradication and for achieving sustainable economic growth and development.

81. Trade within SADC had increased, resulting in a regional GDP growth rate of 4.1 per cent in 2004, up from 3.2 per cent in 2003. SADC was proud of its achievements, and was convinced that its target of 35 per cent intra-Community trade in a free trade area arrangement by 2008 was within reach. Through strengthened regional integration, the member countries would be better placed to participate meaningfully in multilateral initiatives to further liberalize global trade.

82. The international community should be more committed to creating a fair environment for trade in goods and services and to the transfer of environmentally sound technology. The necessary political will must prevail among the key players, the developed countries. The Outcome of the 2005 World Summit had reaffirmed the importance of a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that should motivate and galvanize efforts to surmount the outstanding issues of the Doha Round.

83. Agriculture was the theme most critical to the success of the Doha Round, in which balanced and equitable outcomes were important for all three pillars, with operationally effective and meaningful special and differential treatment for developing countries. The SADC member States remained concerned by the lack of progress on development and other issues, which were central to their ability to achieve internationally agreed development goals including the Millennium Development Goals. They regretted the failure of the 2005 World Summit to urge expeditious conclusion of the Doha Round.

84. He outlined certain key issues under each of the three pillars of the negotiations under the Agreement on Agriculture, including the need for a credible end date for the elimination of all forms of trade-distorting mechanisms and the adoption of a standstill commitment consistent with the Agreement, thereby avoiding the introduction of new subsidies, the increase of existing subsidies and the reintroduction of any form of export subsidies previously discontinued.

85. With respect to TRIPS and public health, he recalled that SADC member States were among the most affected by the HIV/AIDS epidemic. Yet, two years after the adoption of a decision to grant a

temporary waiver to enhance production of and access to generic drugs, no progress had been made in finding a permanent solution, as advocated in the decision. That issue must be resolved at the Sixth WTO Ministerial Conference.

86. The loss of preferential treatment due to the advent of the WTO trade regime was a matter of consternation to SADC member States, as was the debate on the issue, which focused on questioning the value of preferences rather than on finding a solution. The debate should focus on mitigating preference erosion and identifying the means to alleviate the loss incurred by countries that derived benefits from preferences.

87. Developed countries should show political will by ensuring that commitments made in the Framework Agreements were translated into tangible and detailed agreements on issues of interest to developing countries. Progress in the negotiations could also be achieved through the collective recognition that trade-distorting mechanisms continued to erode the ability of developing countries to fairly compete in the global trading system. He welcomed recent discussions in that regard among the European Union, the United States and Japan.

88. Anything less than the total elimination of trade barriers would betray the poor people of developing countries who continued to make ends meet on less than a dollar a day.

*The meeting was adjourned at 12.45 p.m.*